

House Study Bill 315

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON SHOMSHOR)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act authorizing the rebate of sales taxes to the investor
2 group of a lakeside recreational complex and earthpark.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
4 TLSB 2923YC 82
5 mg/es/88

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1 1 Section 1. FINDINGS. The general assembly finds that
1 2 encouraging the investment of private capital to develop and
1 3 build a lakeside recreational complex including an earth park
1 4 designed and built to demonstrate the efficacy of various
1 5 energy efficiency technologies will result in a substantial
1 6 benefit to the people of the state of Iowa.
1 7 The general assembly finds that the lakeside recreational
1 8 complex and earth park and the surrounding development
1 9 opportunities will enhance the economy of the area through an
1 10 increase in tourism and creation of much needed rural jobs.
1 11 The general assembly further finds that the rebate of state
1 12 sales tax collected at the lakeside recreational complex and
1 13 earth park to assist in the development of such complex and
1 14 earth park would further tourism, promote energy conservation
1 15 and independence, and improve the economy of the state, which
1 16 are public purposes for which state funds may be used.
1 17 Sec. 2. Section 423.4, Code 2007, is amended by adding the
1 18 following new subsection:
1 19 NEW SUBSECTION. 8. a. For purposes of this subsection:
1 20 (1) "Change of control" means any of the following:
1 21 (a) Any change in the ownership of the original or any
1 22 subsequent Iowa legal entity that is responsible for the
1 23 financing and development of the point development district
1 24 complex such that at least sixty percent of the equity
1 25 interests in the Iowa legal entity cease to be owned by
1 26 individuals who are residents of Iowa, cease to be owned by
1 27 other entities where at least sixty percent of the equity
1 28 interests of each of those entities are owned by individuals
1 29 who are residents of Iowa, or cease to be owned by a
1 30 combination of both at the time of the change in ownership.
1 31 (b) The original equity owners of the Iowa legal entity
1 32 that is responsible for the financing and development of the
1 33 point development district complex shall collectively cease to
1 34 own more than fifty percent of the voting equity interests of
1 35 such legal entity or shall otherwise cease to have effective
2 1 control of such legal entity.
2 2 (2) (a) "Eligible sales tax" means the state sales tax
2 3 and state excise tax imposed by the state on all of the
2 4 following:
2 5 (i) Sale or furnishing of gas, electricity, water, heat,
2 6 pay television service, and communication service pursuant to
2 7 section 423.2, subsection 2.
2 8 (ii) Sale of tickets or admissions to places of amusement,
2 9 fairs, and athletic events pursuant to section 423.2,
2 10 subsection 3.
2 11 (iii) The furnishing of transportation service consisting
2 12 of the rental of recreational vehicles or recreational boats,
2 13 or the rental of motor vehicles subject to registration which
2 14 are registered for a gross weight of thirteen tons or less for
2 15 a period of sixty days or less pursuant to section 423.2,
2 16 subsections 5 and 6.
2 17 (iv) Renting of lodging under the state hotel and motel
2 18 tax pursuant to section 423A.3.

2 19 (b) "Eligible sales tax" does not include any local sales
2 20 and services tax or local hotel and motel tax paid and
2 21 collected.

2 22 (3) "Iowa legal entity" means a partnership, limited
2 23 partnership, limited liability company, or corporation formed
2 24 under the laws of Iowa where, at the time of the creation of
2 25 such entity, at least sixty percent of the equity interests of
2 26 such entity are owned by individuals who are residents of
2 27 Iowa, owned by other legal entities where at least sixty
2 28 percent of the equity interests of each of those entities are
2 29 owned by residents of Iowa, or owned by a combination of both.

2 30 (4) "Point development district complex" means a
2 31 masterplanned green community adhering to the performance
2 32 criteria of the United States green building council and
2 33 consisting of a minimum of two hundred acres adjoining a lake
2 34 located in a county with a population of at least thirty
2 35 thousand but not more than thirty-five thousand having a
3 1 county seat with a population of at least six thousand but not
3 2 more than ten thousand where construction on the complex
3 3 commenced not later than September 1, 2008, where the planned
3 4 cost of the complex upon completion is to be at least two
3 5 hundred million dollars, and where, upon completion of the
3 6 construction, the masterplanned green community is designed to
3 7 consist of all of the following:

3 8 (a) Earthpark biome, programming, and United States green
3 9 building council learning center.

3 10 (b) Waterpark hotel, spa, and conference center.

3 11 (c) Condominium complex.

3 12 (d) Marina, waterfront center, and public pier.

3 13 (e) Amphitheatre, outdoor pavilion, and public art area.

3 14 (f) Multiuse trails and public gardens.

3 15 (g) State-of-the-art district energy plant with geothermal
3 16 storage and rainwater recapture.

3 17 (h) Parking areas.

3 18 (5) "Point development district complex investor group" or
3 19 "investor group" means an Iowa legal entity that is
3 20 responsible for the financing and development of the point
3 21 development district complex.

3 22 (6) "Population" means the population based upon the 2000
3 23 certified federal census.

3 24 b. The point development district complex investor group
3 25 may apply to the department for a rebate of eligible sales tax
3 26 imposed and collected by retailers upon sales or rentals of
3 27 any goods, wares, merchandise, or services furnished to
3 28 purchasers at the point development district complex.

3 29 c. The rebate may be obtained only in the following
3 30 amounts and manner and only under the following conditions:

3 31 (1) On forms furnished by the department within the time
3 32 period provided by the department by rule, which time period
3 33 shall not be longer than quarterly.

3 34 (2) The investor group shall provide information as deemed
3 35 necessary by the department.

4 1 (3) The transactions for which eligible sales tax was
4 2 collected and the rebate is sought occurred on or after
4 3 January 1, 2011, but before January 1, 2026. However, not
4 4 more than forty million dollars in total rebates shall be
4 5 provided pursuant to this subsection.

4 6 (4) Notwithstanding subparagraph (3), the rebate of
4 7 eligible sales tax shall cease for transactions occurring on
4 8 or after the date of a sale or other transfer, whether
4 9 voluntarily or involuntarily, to a party that results in a
4 10 change of control.

4 11 d. To assist the department in determining the amount of
4 12 the rebate, the investor group shall identify to the
4 13 department retailers located at the point development district
4 14 complex who will be collecting eligible sales tax. The
4 15 department shall verify such identity and ensure that all
4 16 proper permits have been issued. For purposes of this
4 17 subsection, advance ticket and admissions sales shall be
4 18 considered occurring at the complex regardless of where the
4 19 transactions actually occur.

4 20 e. Upon determining that the conditions and requirements
4 21 of this subsection and the department are met, the department
4 22 shall issue a warrant to the investor group in the amount
4 23 equal to the amount claimed and verified by the department.

4 24 f. This subsection is repealed June 30, 2026, or thirty
4 25 days following the date on which forty million dollars in
4 26 total rebates have been provided, or thirty days following the
4 27 date on which rebates cease as provided in paragraph "c",
4 28 subparagraph (4), whichever is the earliest.

4 29 g. Implementation of this subsection is contingent upon

4 30 the receipt of or commitment of federal or other funds by
4 31 December 31, 2007, to be used in the funding of the
4 32 construction of the earthpark complex.

4 33 EXPLANATION

4 34 This bill authorizes the department of revenue to rebate
4 35 certain sales tax collected by retailers on purchases made at
5 1 a point development district complex. To be eligible for the
5 2 rebate the complex must be adjoining a lake located in a
5 3 county with a population between 30,000 and 35,000, and with a
5 4 county seat with a population between 6,000 and 10,000. The
5 5 person eligible to receive the rebate is the investor group of
5 6 the complex. Construction on the complex must commence by
5 7 September 1, 2008, and the cost of construction upon
5 8 completion must be at least \$200 million.

5 9 The complex would consist of an earthpark; waterpark hotel,
5 10 spa, and conference center; condominium complex; marina;
5 11 amphitheater; trails; and state-of-the-art district energy
5 12 plant, with geothermal storage.

5 13 The rebate of sales tax is only of the sales tax collected
5 14 on transactions occurring on or after January 1, 2011, and
5 15 before January 1, 2026. The sales tax eligible to be rebated
5 16 are those collected from ticket sales, and the furnishing of
5 17 utilities, transportation services consisting of boat and
5 18 vehicle rentals, and hotel and motel rentals.

5 19 The rebate only applies to the state sales tax and state
5 20 hotel and motel tax collected and not to any local option
5 21 sales tax or local hotel and motel tax and is limited to a
5 22 total of \$40 million in rebates.

5 23 The rebate provision is repealed June 30, 2026, or when \$40
5 24 million has been rebated, or when there is a change in control
5 25 of the ownership of the original investor group, whichever
5 26 occurs earliest. Change in control occurs if the ownership of
5 27 the original investor group ceases to be controlled by 60
5 28 percent of Iowa residents or if the original owners of the
5 29 investor group no longer control more than 50 percent of the
5 30 investor group.

5 31 The implementation of the rebate authorization provision is
5 32 contingent upon the receipt or commitment of federal or other
5 33 funds by December 31, 2007, that are to be used to provide
5 34 funding for the construction of the earthpark complex.

5 35 LSB 2923YC 82

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